

UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON  
EUGENE DIVISION

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UNITED STATES OF AMERICA,

Plaintiff,

v.

THE WESTERN STATES LAND  
RELIANCE TRUST,

Defendant.

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Case No. 6:12-cv-02007-TC

**Declaration of Douglas Pearson in  
Support of United States' Application  
for Entry of Default Judgment**

I, Douglas Pearson, pursuant to 28 U.S.C. § 1746, hereby declare and state the following:

1. I am employed in the Charitable Activities Section of the Oregon Department of Justice as a Charitable Audit Coordinator. I have been employed by the Oregon Department of Justice since June 2002. This declaration is based on my personal knowledge.
2. As part of my duties as a Charitable Audit Coordinator, I have been involved in investigating the activities of the Western States Land Reliance Trust ("WSLRT"). The Department received a complaint raising a number of issues involving the operation of WSLRT, including concerns about conflict of interest transactions, self-dealing, violations of Internal Revenue Service regulations and the Trust's tax-exempt status, and failure to fulfill WSLRT's stated charitable purpose. I began investigating WSLRT in July 2007.
3. As part of my investigation, I contacted a number of individuals who I had reason to believe, based on reports filed with the Department or through statements from known directors, were current or former trustees of WSLRT. Most recently, those individuals included Daniel J. Desler, Thomas J. Martin, and Mike Sullivan.

4. Through my investigation, I came to believe that Messrs. Desler, Martin, and Sullivan were the current trustees of WSLRT, as of at least May 2012.

5. Between May 2012 and September 2012, I sent and received correspondence and e-mails, from Messrs. Desler, Martin, and Sullivan on a regular basis. I also spoke with Mr. Sullivan on the phone over this time period. The purpose of these communications was to obtain a status report related to WSLRT operations, assets and plans for the future following the recent criminal prosecution of Mr. Desler related to WSLRT operations. The Department had not received adequate or complete reports for WSLRT for at least two years and we maintained our concerns about the proper function and use of organization assets.

6. In my communications with Messrs. Desler, Martin, and Sullivan, they represented and stated to me that they were trustees of WSLRT.

7. On May 9, 2012, the Department sent a letter to Trustees Dan Desler, Thomas Martin, Michael Sullivan and Mr. Desler's legal counsel advising of our intention to file a civil penalty against the WSLRT for failure to file their annual reports with our office. In response to our letter, on June 2, 2012, I received an e-mail from Mr. Martin stating: "I am one of the new trustees who Took Bill Dwyer's seat then he resigned."

8. I requested that Mr. Martin send me a list of the current Trustees. On June 18, 2012, Mr. Martin signed another e-mail as "Thomas J. Martin, trustee...WSLRT.s" Later that day, he further responded "the names of the trustees and their addresses are the same as listed on your cover letter dated May 9, 2012. The trust currently has no CEO or operating trustee as a manager. I volunteer as do the others."

9. I maintained regular communications with Mr. Martin acting as a Trustee until mid-July 2012 when communications were turned over to Mr. Desler and Mr. Sullivan.

10. On July 17, 2012, Mr. Desler sent me an e-mail stating: "Please be assured that the other trustees Mike Sullivan and Tom Martin are dedicated to doing the right thing and will pledge their complete support to your well intentioned requests." The e-mail was signed: "Dan Desler Trustee".

11. On July 18, 2012, Mr. Desler further responded and directed me to communicate in the future with Mr. Martin and Mr. Sullivan: "... That being said you can expect that Tom Martin and Mike Sullivan will extend you the utmost courtesy in whatever direction the agency chooses to pursue. You can count on my support with regard to decisions the remaining and faithful trustees make in concert with your wishes. Thank you for your patience and understanding and please feel free to continue your dialogue with Tom Martin and Mike Sullivan."

12. On July 24, 2012, Mr. Sullivan contacted me via e-mail to offer his assistance in helping with WSLRT reports and ultimately dissolving the organization. I maintained communications with Mr. Sullivan until about October 2012 when he quit responding to the Department's inquiries.

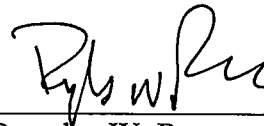
13. In my communications with Messrs. Desler, Martin, and Sullivan through October 2012, none of them ever stated or suggested that they were not trustees, that they had resigned or otherwise left their positions as trustees, or that other individuals were trustees. None of them ever indicated that they lacked authority to communicate or transact business on behalf of WSLRT, nor did any of them indicate that WSLRT was not able to conduct business due to an inadequate number of trustees.

14. To date, though the Department has offered to assist the trustees with dissolving WSLRT, it has not yet been dissolved. This is because the trustees have failed to provide the

necessary information and detail related to their current status and operations to adequately develop an acceptable dissolution plan. Also, WSLRT and Mr. Desler have been subject to other legal actions which may have delayed their ability to provide the necessary information in a timely manner. While WSLRT continues to be an organized legal entity, it does not appear that they maintain any current or active operations.

Under penalty of perjury, I declare that I have read the foregoing Declaration and that the facts stated in it are true to the best of my knowledge and belief.

Executed on this 23<sup>rd</sup> day of May 2013, in Portland, Oregon.



Douglas W. Pearson, CFE  
Charitable Audit Coordinator  
Charitable Activities Section  
Oregon Department of Justice  
1515 SW 5<sup>th</sup> Ave, Suite 410  
Portland, OR 97201

CERTIFICATE OF SERVICE

This is to certify that on the 24th day of May, 2013, a true and correct copy of the foregoing Declaration was mailed by First Class Mail, postage pre-paid, to the following Defendant who has not yet entered an appearance at the address listed on the following Service List.

Western States Land Reliance Trust  
c/o Daniel J. Desler, Registered Agent  
1096 N Street  
Springfield, Oregon 97477

/s/ Danica Anderson Glaser  
**DANICA ANDERSON GLASER**